## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT STATE/TERRITORY: TEXAS

Requirements for Enrollment in Employer Base Group Health Insurance

- (a) The Medicaid Agency meets all requirements of the Omnibus Budget Reconciliation Act (OBRA) of 1990, Section 4402.
  - (1) The Medicaid Agency pays all premiums, deductibles, coinsurance and other cost sharing obligations for items and services covered under the State plan for Medicaid eligible individuals in employer-base cost-effective group health plans.
  - (2) The Medicaid Agency pays premiums for enrollment of all family members eligible for insurance coverage when cost-effective regardless of whether all family members are Medicaid eligible.
  - (3) If all family members become ineligible for Medicaid, the Medicaid Agency stops the monthly premium reimbursement process. However, as long as at least one family member remains Medicaid eligible, premium reimbursement continues for a minimum period of 12 months.
  - (4) The Medicaid Agency evaluates cases for costeffectiveness based on a Medical Insurance Input Form 1039 referral by the caseworker.
  - (5) Enrollment in an employer-based group health plan, if available, is a condition of eligibility for the policy holder and their dependents. The Medicaid Agency informs Eligibility caseworkers of any non-cooperation from the policy holder.
  - of the Medicaid Agency uses the following costeffectiveness Methodology. The method provided in the State Medicaid Manual, Section 3910, is used to eliminate a case from consideration, not to select a case. The actual Medicaid expenditures for each case is being used to select cases that are cost-effective.

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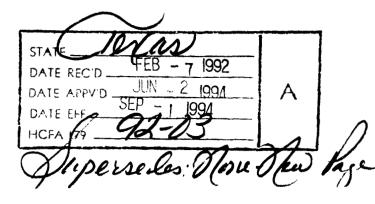
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If both formulas state that cases are not cost effective, that are eliminated from further consideration. If the actual Medicaid expenditures formula states that cases are cost effective, the buyin procedures are started. If the method provided in the State Medicaid Manual states that cases are cost effective and the actual Medicaid expenditures formula states those same cases are not cost effective, they are held in suspense and re-evaluated in 9 months, at which point a final determination is made.

Below are the guidelines that the Medicaid Agency uses in determining cost effectiveness for employer group health plans. The Section 3910 formula and the actual Medicaid expenditures formula are run simultaneously for each case during the initial evaluation.

## Section 3910 Formula:

- Step 1: Information is obtained concerning the group health plan available to the Medicaid recipient. This information includes the effective date of the policy, exclusions to enrollment, the covered services under the policy and premiums due from the employee.
- Step 2: Using the Medicaid Management Information System (MMIS), the average total expenditures per person per year for Medicaid services for persons in the same Risk Group as each client in the case are obtained.
- Step 3: The total yearly Medicaid expenditures is determined.
- Step 4: The expense amount (step 3) is adjusted for the higher prices employer plans pay. The expense is multiplied by the national factor of 1.6 (updated annually by HCFA) to produce an estimated expense as recognized by the employer plan.



Step 5: The health plan cost (step 4) is multiplied by the average employer health insurance payment rate to obtain the employer recognized covered expense amount. The average payment rate factor varies by how large the average employer recognized covered expense is.

<u>Payment Factor</u>
.750
.795
.835
.850

- Step 6: An administrative fee for processing Section 4402 is multiplied by the number of Medicaid Clients within each case.
- Step 7: The Cost to the group health plan (step 4) is subtracted from the employer recognized amount (step 5) to determine the deductible, coinsurance, and other costs sharing, within types of service covered under the plan. The result is added to the employee's premium (step 1) and to the administrative fee (step 6) to determine the costs to the State Agency under the group health plan.
- Step 8: To determine if the group health plan is cost effective, the Cost to the State for Medicaid (step 3) is subtracted from the Cost to the State under the group health plan (step 7). If the answer is a positive net savings the Medicaid Agency considers this group health plan as cost effective and the buyin process is begun.

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## Actual Medicaid Expenditures Formula:

The Medicaid Agency uses the same steps that are used in the section 3910 formula except for Step 2 which is:

Step 2: Using the Medicaid Management Information System (MMIS), the actual Medicaid expenditures for each client in the case are obtained.

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